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**Deloitte
Touche
Tohmatsu**

29th November, 2002

The Directors
Warderly International Holdings Limited
CSC Asia Limited
Access Capital Limited

Dear Sirs,

We set out below our report on the financial information regarding Warderly International Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for each of the three years ended 30th April, 2002 (the “Relevant Periods”) for inclusion in the prospectus of the Company dated 29th November, 2002 (the “Prospectus”).

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2000 Revision) Chapter 22 of the Cayman Islands on 18th March, 2002. Through a group reorganisation, as more fully explained in the paragraph headed “Corporate reorganisation” under the section headed “Further information about the Company and its subsidiaries” in Appendix IV to the Prospectus (the “Group Reorganisation”), the Company became the holding company of the Group on 26th November, 2002.

As at the date of this report, the Company has the following direct and indirect wholly-owned subsidiaries:

Name of company	Date and place of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Principal activities
Dongguan Kalee Electrical Co., Ltd (“DGKL”)	30th September, 1989 Peoples’ Republic of China (the “PRC”)	HK\$43,150,000 (paid up: HK\$23,820,000)	Manufacture of household electrical appliances
Grand Eternity (Hong Kong) Limited (“GEHK”)	5th May, 1999 Hong Kong	HK\$10,000	Trading of small household electrical appliances and other electrical products
Housely Industries Limited (“Housely”)	24th February, 1989 Hong Kong	HK\$1,000,000	Investment holding and trading of household electrical appliances
Rockcastle Assets Limited	12th February, 2002 British Virgin Islands	US\$1	Holding of a trademark

Name of company	Date and place of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Principal activities
Tacho Company Limited ("Tacho")	11th March, 1986 Hong Kong	HK\$2	Investment holding and manufacturing and trading of household electrical appliances
Top Global Resources Limited	12th February, 2002 British Virgin Islands	US\$100	Licensee of the use of an invention known as air ventilator
Warderly Group Limited	20th March, 2002 British Virgin Islands	US\$10,000	Investment holding
東莞匯利高電器有限公司 (Dong Guan Wui Lee Go Electrical Co., Ltd.)	14th March, 2002 the PRC	HK\$4,800,000	Not yet commence business

Warderly Group Limited is incorporated in the British Virgin Islands and is directly held by the Company. All other subsidiaries are indirectly held by the Company.

No audited financial statements have been prepared for the Company, Warderly Group Limited, Rockcastle Assets Limited, Top Global Resources Limited and Dong Guan Wui Lee Go Electrical Co., Ltd. since their respective dates of incorporation as they are newly incorporated and have not carried on any business other than the transactions relating to the Group Reorganisation. We have, however, reviewed all relevant transactions of these companies since their respective dates of incorporation.

DGKL is a wholly-owned subsidiary of Tacho and has its statutory financial year ends on 31st December. For each of the three years ended 31st December, 2001, DGKL's statutory financial statements were audited by Dongguan City Diligent Certified Public Accountants registered in the PRC. The statutory financial statements of DGKL were prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC.

For the year ended 30th April, 2000, the consolidated financial statements of Tacho were audited by Victor Ling, Tang & Partners, Certified Public Accountants registered in Hong Kong. We have audited the consolidated financial statements of Tacho for the two years ended 30th April, 2002.

For the year ended 30th April, 2000, the financial statements of Housely were audited by Cheng, Kwok & Chang, Certified Public Accountants registered in Hong Kong. We have audited the financial statements of Housely for the two years ended 30th April, 2002.

The financial statements of GEHK were audited by us since its date of incorporation to 30th April, 2002.

We have examined the audited financial statements or, where appropriate, management accounts of the companies now comprising the Group (“Underlying Financial Statements”) for each of the Relevant Periods in this report, or since the respective dates of incorporation to 30th April, 2002, where this is a shorter period. Our examination was made in accordance with the Auditing Guideline “Prospectuses and the Reporting Accountant” as recommended by the Hong Kong Society of Accountants.

The financial information of the Group for the Relevant Periods set out in this report has been prepared based on the Underlying Financial Statements of the companies now comprising the Group, and is presented on the basis set out in Section 1 below, no adjustment is considered necessary for the purposes of preparing our report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of those companies who approve their issue. The directors of the Company are responsible for the contents of the Prospectus in which this report is included. It is our responsibilities to compile the financial information set out in this report from the Underlying Financial Statements, to form an opinion on the financial information and to report our opinion to you.

In our opinion, on the basis of presentation set out in Section 1 below, the financial information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group as at 30th April, 2000, 2001 and 2002 and of the combined results and cash flows of the Group for the Relevant Periods.

1. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The combined income statements and combined cash flow statements for each of the Relevant Periods and the combined balance sheets of the Group as at 30th April, 2000, 2001 and 2002 have prepared as if the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation, where this is a shorter period.

All significant intra-group transactions and balances have been eliminated on combination.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial information set out in this report has been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set as follows:

Revenue recognition

Sales of goods are recognized when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Interests in an associate

The combined income statement includes the Group’s share of the post-acquisition results of an associate for the Relevant Periods. The associate was DGKL, which became a wholly-owned subsidiary of Tacho during the year ended 30th April, 2000.

Turnover

Turnover represents the amount received and receivable for goods sold to outside customers less returns and allowances.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment losses.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation and amortisation is provided to write off the cost of property, plant and equipment over their estimated useful lives after taking into account their estimated residual value, using the straight line method at the following rates per annum:

Leasehold land	Over the term of the lease
Buildings	2%
Leasehold improvement	25%
Moulds	33 $\frac{1}{3}$ %
Plant, machinery and equipment	10%
Furniture and fixtures	25%
Motor vehicles	20%

Construction in progress is carried at cost, less any identified impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as expenses immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet

as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight-line basis over the relevant lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expenses in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Retirement benefits scheme

The retirement benefits costs charged in the income statement represent the contributions payable in respect of the current year to the Group's defined contribution scheme.

Foreign currencies

Transactions in currencies other than Hong Kong dollars are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in the income statement for the year.

On combination, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed.

3. COMBINED INCOME STATEMENTS

	Notes	Year ended 30th April,		
		2000 HK\$'000	2001 HK\$'000	2002 HK\$'000
Turnover		184,871	187,548	207,553
Cost of sales		(121,130)	(111,475)	(118,392)
Gross profit		63,741	76,073	89,161
Other revenue		569	1,658	1,610
Administrative expenses		(19,966)	(22,534)	(21,301)
Distribution expenses		(12,223)	(9,576)	(8,473)
Profit from operations	(a)	32,121	45,621	60,997
Finance costs	(b)	(2,380)	(2,903)	(1,581)
Share of results of an associate		(1,518)	–	–
Impairment loss recognised on property, plant and equipment		–	–	(1,558)
Profit before taxation		28,223	42,718	57,858
Taxation	(c)	(2,698)	(6,715)	(6,658)
Net profit for the year		<u>25,525</u>	<u>36,003</u>	<u>51,200</u>
Dividends	(d)	<u>18,600</u>	<u>25,000</u>	<u>10,000</u>
Earnings per Share – basic	(e)	<u>8.2 HK cents</u>	<u>11.5 HK cents</u>	<u>16.4 HK cents</u>

Notes:

(a) Profit from operations

	Year ended 30th April,		
	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000
Profit from operations has been arrived at after charging:			
Directors' remuneration (<i>note f</i>)	457	471	473
Retirement benefits scheme contributions	210	251	500
Other staff costs	16,254	16,295	13,365
Total staff costs	<u>16,921</u>	<u>17,017</u>	<u>14,338</u>
Auditors' remuneration	54	500	1,055
Depreciation and amortisation			
– owed assets	6,561	9,806	11,353
– assets held under finance lease	616	–	–
Allowance for bad and doubtful debts	293	1,130	–
and after crediting:			
Interest income	<u>82</u>	<u>180</u>	<u>82</u>

(b) Finance costs

	Year ended 30th April,		
	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000
Interest on borrowings wholly repayable within five years:			
Bank borrowings and overdraft	1,631	2,719	1,500
Other borrowings	188	113	81
Obligations under finance lease	561	71	–
	<u>2,380</u>	<u>2,903</u>	<u>1,581</u>

(c) Taxation

	Year ended 30th April,		
	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000
The charge comprises:			
Hong Kong Profits Tax	(2,782)	(5,908)	(4,868)
PRC income tax	–	(5)	(1,873)
Deferred taxation	84	(802)	83
	<u>(2,698)</u>	<u>(6,715)</u>	<u>(6,658)</u>

Hong Kong profits tax and PRC income tax were calculated at 16% and 27%, respectively, on the respective estimated assessable profits for the three years ended 30th April, 2000, 2001 and 2002.

Deferred tax liabilities

	Year ended 30th April,		
	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000
At beginning of the year	5,787	5,703	6,505
Charge (credit) for the year	<u>(84)</u>	<u>802</u>	<u>(83)</u>
At end of the year	<u>5,703</u>	<u>6,505</u>	<u>6,422</u>

As at the balance sheet dates, the major components of deferred taxation liabilities were the tax effect of timing differences attributable to the excess of depreciation allowances claimed for tax purpose over depreciation charged in the financial statements of HK\$5,703,000, HK\$6,505,000 and HK\$6,422,000 as at 30th April, 2000, 2001 and 2002 respectively.

(d) Dividends

No dividends have been paid or declared by the Company since the date of its incorporation. However, in respect of the Relevant Periods, dividends were paid by Tacho and Housely to its then shareholders prior to the Group Reorganisation:

	Year ended 30th April,		
	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000
Interim dividends paid	18,600	25,000	–

The rates of dividend and the number of shares ranking for dividends are not presented as such information is not meaningful having regard to the purpose of this report.

On 18th October, 2002 the final dividend of HK\$10,000,000 has been proposed by the directors of Housely for the year ended 30th April, 2002.

(e) Earnings per share

The calculation of the basic earnings per share for the Relevant Periods is based on the profit attributable to shareholders for the Relevant Periods and on the 312,375,000 shares in issue and to be issued comprising 1,000,000 shares in issue as at the date of the Prospectus and 311,375,000 shares to be issued pursuant to the capitalisation issue as more fully described in the paragraph headed "Written Resolutions of all the shareholders of the Company" dated on 26th November, 2002 in Appendix IV to the Prospectus (the "Capitalisation Issue").

(f) Directors' and employees' remunerations**Directors' remuneration:**

	Year ended 30th April,		
	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000
Fees	–	–	–
Salaries and allowances and benefits in kind	436	454	461
Retirement benefits scheme contributions	21	17	12
Bonus	–	–	–
	<u>457</u>	<u>471</u>	<u>473</u>

Employees' emoluments:

The five highest paid individuals included one director for the three years ended 30th April, 2002 whose emoluments are included in the above disclosures. The emoluments of the remaining individuals were as follows:

	Year ended 30th April,		
	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000
Salaries and allowances and benefits in kind	1,441	1,349	1,362
Retirement benefits scheme contributions	65	47	48
Bonus	–	–	–
	<u>1,506</u>	<u>1,396</u>	<u>1,410</u>

The emoluments of each of the five highest paid employees for the Relevant Periods were less than HK\$1,000,000.

During the Relevant Periods, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the Relevant Periods.

(g) Related party transactions

During the Relevant Periods, the following significant transactions took place:

Name of related party	Nature of transaction	Note	Year ended 30th April,		
			2000 HK\$'000	2001 HK\$'000	2002 HK\$'000
Goodstar Industrial Limited	Sales	(i)	–	311	–
	Rental expenses paid	(ii)	–	244	104

Mr. Yeung Kui Wong is the director and substantial shareholder of Goodstar Industrial Limited.

Notes:

- (i) Sales of goods were made in accordance with the Group's list prices.
- (ii) The rentals were agreed after negotiation between the Group and Goodstar Industrial Limited, on the basis of estimated market value.

In the opinion of the Directors, the above transactions are conducted in the ordinary course of business of the Group during the Relevant Periods and are not expected to continue after the listing.

In addition to the above, as at the date of the report, the leasehold land and buildings of Mr. Yeung Kui Wong was mortgaged to various banks to secure banking facilities of the Group. Mr. Yeung Kui Wong has also given personal guarantees and pledged his fixed deposits to various banks to secure banking facilities granted to the Group. Such securities and guarantees and pledge of fixed deposits will be fully released prior to the listing of the Shares on the Stock Exchange.

(h) Retirement benefit schemes

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the ORSO Scheme) and a Mandatory Provident Fund Scheme (the MPF Scheme) established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were switched to the MPF Scheme, whereas all new employees joining the Group on or after 1st December, 2000 are required to join the MPF Scheme. The ORSO Scheme was terminated on 1st December, 2000.

The employees of the Group's subsidiary in the People's Republic of China are members of a state-managed retirement benefits scheme operated by the government of the country. The subsidiary is required to contribute a specified percentage of their payroll costs to the retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

During the Relevant Periods, the total amounts contributed by the Group to the schemes and cost charged to income statement represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

4. COMBINED BALANCE SHEET

		As at 30th April,		
	Notes	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000
NON-CURRENT ASSET				
Property, plant and equipment	(a)	84,397	81,670	84,278
CURRENT ASSETS				
Inventories	(b)	24,900	38,123	37,857
Bills receivable		3,846	2,093	1,702
Trade and other receivables	(c)	26,839	21,727	49,304
Amount due from a director	(d)	–	4,012	–
Amount due from a related company	(e)	–	103	269
Pledged bank deposits		–	1,070	1,089
Bank balances and cash		3,233	7,093	8,227
		58,818	74,221	98,448
CURRENT LIABILITIES				
Bills payable		13,581	6,608	–
Trade and other payables	(f)	57,792	80,639	49,953
Amount due to a director	(g)	15,679	–	2,699
Tax payable		3,016	8,699	14,865
Obligations under finance leases				
– due within one year	(h)	781	–	–
Bank and other borrowings				
– due within one year	(i)	11,836	6,859	11,426
		102,685	102,805	78,943
NET CURRENT (LIABILITIES) ASSETS				
		(43,867)	(28,584)	19,505
TOTAL ASSETS LESS CURRENT LIABILITIES				
		40,530	53,086	103,783
NON-CURRENT LIABILITIES				
Deferred taxation	(3c)	5,703	6,505	6,422
Bank and other borrowings				
– due after one year	(i)	–	801	273
		5,703	7,306	6,695
		34,827	45,780	97,088
CAPITAL AND RESERVES				
Share capital	(j)	3,124	3,124	3,124
Reserves	(k)	31,703	42,656	93,964
		34,827	45,780	97,088

Notes:

(a) Property, plant and equipment

	Leasehold Land and buildings HK\$'000	Leasehold improve- ment HK\$'000	Moulds HK\$'000	Plant, machinery and equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Construct- ion in progress HK\$'000	Total HK\$'000
COST								
At 30th April, 1999								
and 1st May, 1999	46,526	321	25,778	41,917	802	1,275	4,394	121,013
Currency realignment	234	-	101	39	-	4	24	402
Acquisition of subsidiary	1,440	-	983	4,903	-	116	43	7,485
Additions	393	-	65	284	-	-	5,731	6,473
Reclassification	-	-	3,848	-	-	-	(3,848)	-
At 30th April, 2000								
and 1st May, 2000	48,593	321	30,775	47,143	802	1,395	6,344	135,373
Currency realignment	98	-	51	27	-	2	14	192
Additions	59	479	-	2,330	14	-	4,062	6,944
Reclassification	-	1,858	5,191	1,450	-	-	(8,499)	-
Disposal	-	-	-	(327)	-	-	-	(327)
At 30th April, 2001								
and 1st May, 2001	48,750	2,658	36,017	50,623	816	1,397	1,921	142,182
Currency realignment	103	5	66	33	-	1	4	212
Additions	-	-	179	1,235	12	-	13,963	15,389
Reclassification	-	-	14,273	129	-	-	(14,402)	-
Disposal	-	-	-	(19)	-	-	-	(19)
At 30th April, 2002	48,853	2,663	50,535	52,001	828	1,398	1,486	157,764
DEPRECIATION, AMORTISATION AND IMPAIRMENT								
At 30th April, 1999								
and 1st May, 1999	1,051	321	20,610	18,507	801	388	-	41,678
Currency realignment	7	-	84	11	-	1	-	103
Acquisition of subsidiary	47	-	673	1,243	-	55	-	2,018
Provided for the year	940	-	2,702	3,279	1	255	-	7,177
At 30th April, 2000								
and 1st May, 2000	2,045	321	24,069	23,040	802	699	-	50,976
Currency realignment	5	-	42	9	-	1	-	57
Provided for the year	974	97	4,462	3,990	4	279	-	9,806
Eliminated on Disposal	-	-	-	(327)	-	-	-	(327)
At 30th April, 2001								
and 1st May, 2001	3,024	418	28,573	26,712	806	979	-	60,512
Currency realignment	6	-	63	12	-	1	-	82
Provided for the year	975	117	5,721	4,255	6	279	-	11,353
Eliminated on Disposal	-	-	-	(19)	-	-	-	(19)
Impairment loss recognised	1,558	-	-	-	-	-	-	1,558
At 30th April, 2002	5,563	535	34,357	30,960	812	1,259	-	73,486
NET BOOK VALUE								
At 30th April, 2002	43,290	2,128	16,178	21,041	16	139	1,486	84,278
At 30th April, 2001	45,726	2,240	7,444	23,911	10	418	1,921	81,670
At 30th April, 2000	46,548	-	6,706	24,103	-	696	6,344	84,397

In view of the market conditions, the Group has recognised an impairment loss with reference to the valuation made by DTZ Debenham Tie Leung Limited, an independent firm of professional property valuers, on an open market basis for its leasehold land and buildings situated in Hong Kong. An impairment loss of approximately HK\$1,558,000 has been identified which has been recognised in the combined income statement for the year ended 30th April, 2002.

The net book value of leasehold land and buildings comprises:

	2000 <i>HK\$'000</i>	As at 30th April, 2001 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
In Hong Kong under a medium-term lease	3,200	3,129	1,500
In the PRC under a medium-term lease	43,348	42,597	41,790
	<u>46,548</u>	<u>45,726</u>	<u>43,290</u>

The net book value of property, plant and equipment held under finance lease:

	2000 <i>HK\$'000</i>	As at 30th April, 2001 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Plant, machinery and equipment	<u>2,688</u>	<u>–</u>	<u>–</u>

(b) Inventories

	2000 <i>HK\$'000</i>	As at 30th April, 2001 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Raw materials	11,953	20,459	23,884
Work in progress	5,627	8,244	8,349
Finished goods	7,320	9,420	5,624
	<u>24,900</u>	<u>38,123</u>	<u>37,857</u>

All the inventories are stated at cost at the respective balance sheet dates.

(c) Trade and other receivables

The Group allows its trade customers with credit period normally ranging from 30 days to 60 days. The aged analysis of trade receivables at the respective balance sheet dates is as follows:

	2000 <i>HK\$'000</i>	As at 30th April, 2001 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
0 – 90 days	22,472	17,441	28,917
91 – 180 days	1,061	1,100	4,093
181 – 365 days	475	107	4,649
1-2 years	388	1,540	–
	<u>24,396</u>	<u>20,188</u>	<u>37,659</u>
Other receivables	2,831	3,057	13,163
	27,227	23,245	50,822
Less: allowance against bad and doubtful debts	<u>(388)</u>	<u>(1,518)</u>	<u>(1,518)</u>
	<u>26,839</u>	<u>21,727</u>	<u>49,304</u>

(d) Amount due from a director

Name of director	2000	As at 30th April, 2001	2002
	HK\$'000	HK\$'000	HK\$'000
Yeung Kui Wong	—	4,012	—
Maximum amounts outstanding during the year	—	4,012	5,693

The amount was unsecured, non-interest bearing and was fully settled during the year ended 30th April, 2002.

(e) Amount due from a related company

Name of company	2000	As at 30th April, 2001	2002
	HK\$'000	HK\$'000	HK\$'000
Goodstar Industrial Limited	—	103	269
Maximum amount outstanding during the year	—	103	269

The amount was unsecured, non-interest bearing and was fully settled subsequent to 30th April, 2002.

(f) Trade and other payables

The aged analysis of trade payables at the respective balance sheet dates is as follows:

	2000	As at 30th April, 2001	2002
	HK\$'000	HK\$'000	HK\$'000
0 – 90 days	14,476	37,218	31,784
91 – 180 days	15,025	17,015	8,556
181 – 365 days	16,558	7,557	—
1-2 years	2,502	346	—
Other payables	48,561	62,136	40,340
	9,231	18,503	9,613
	57,792	80,639	49,953

(g) Amount due to a director

The amount was unsecured, non-interest bearing and was fully settled subsequent to 30th April, 2002.

(h) Obligation under finance lease**Minimum lease payments**

	2000	As at 30th April, 2001	2002
	HK\$'000	HK\$'000	HK\$'000
The maturity of minimum lease payments of obligations under finance leases are as follows:			
Within one year	945	—	—
Less: future finance charges	(164)	—	—
Present value of lease obligations	781	—	—

Present value of minimum lease payments

	2000 <i>HK\$'000</i>	As at 30th April, 2001 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
The maturity of obligations under finance leases are as follows:			
Within one year	781	–	–
<i>Less:</i> Amount due within one year shown under current liabilities	<u>(781)</u>	<u>–</u>	<u>–</u>
Amount due after one year	<u>–</u>	<u>–</u>	<u>–</u>
(i) Bank and other borrowings			
	2000 <i>HK\$'000</i>	As at 30th April, 2001 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Secured bank overdrafts	589	745	797
Secured bank borrowings	7,483	5,972	2,057
Trust receipt loans	–	–	7,900
Unsecured other borrowings	<u>3,764</u>	<u>943</u>	<u>945</u>
	<u>11,836</u>	<u>7,660</u>	<u>11,699</u>
The maturity of the bank and other borrowings is as follows:			
Within one year	11,836	6,859	11,426
Between one and two years	<u>–</u>	<u>801</u>	<u>273</u>
	11,836	7,660	11,699
<i>Less:</i> Amount due within one year shown under current liabilities	<u>(11,836)</u>	<u>(6,859)</u>	<u>(11,426)</u>
Amount due after one year	<u>–</u>	<u>801</u>	<u>273</u>
(j) Share capital			

For the purpose of the preparation of the combined balance sheets, the balances of the share capital at 30th April, 2000 and 2001 and 2002 respectively represent 312,375,000 shares of the Company comprising 1,000,000 shares in issue at the date of the Prospectus and 311,375,000 shares to be issued pursuant to the Capitalisation Issue.

	<i>HK\$'000</i>
Shares of HK\$0.01 each	<u>3,124</u>

(k) Reserves

	Special reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st May, 1999	(3,114)	(82)	26,315	23,119
Arising on incorporation of subsidiary	990	–	–	990
Exchange differences arising from translation of overseas operations	–	669	–	669
Net profit for the year	–	–	25,525	25,525
Dividends	–	–	(18,600)	(18,600)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30th April, 2000	(2,124)	587	33,240	31,703
Exchange differences arising from translation of overseas operations	–	(60)	–	(60)
Net profit for the year	–	–	36,003	36,003
Arising on incorporation of new subsidiary	10	–	–	10
Dividends	–	–	(25,000)	(25,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30th April, 2001	(2,114)	527	44,243	42,656
Exchange differences arising from translation of overseas operations	–	108	–	108
Net profit for the year	–	–	51,200	51,200
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30th April, 2002	<u>(2,114)</u>	<u>635</u>	<u>95,443</u>	<u>93,964</u>

The special reserve of the Group represents reserve arising pursuant to the Group Reorganisation on the basis that the Group Reorganisation had been effected on 1st May, 1999 and it represents the difference between the aggregate amount of share capital of subsidiaries and the share capital of the Company as set out in note 4 (j).

(l) Operating lease arrangements

The Group had no significant operating lease arrangements at the balance sheet date.

(m) Capital commitments

	2000 <i>HK\$'000</i>	As at 30th April, 2001 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment	–	–	678
	<u> </u>	<u> </u>	<u> </u>

(n) Contingent liabilities

	2000 <i>HK\$'000</i>	As at 30th April, 2001 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Discounted bills with recourse	9,853	8,990	13,071
	<u> </u>	<u> </u>	<u> </u>

(o) Pledge of assets

The Group pledged its leasehold land and buildings and bank deposits at 30th April, 2000, 2001 and 2002 for banking facilities granted to the Group.

	2000	As at 30th April,	2002
	<i>HK\$'000</i>	<i>2001</i>	<i>2002</i>
		<i>HK\$'000</i>	<i>HK\$'000</i>
The carrying value of the leasehold land and buildings	4,217	4,125	1,500
Bank deposits	–	1,070	1,089
	<u>4,217</u>	<u>5,195</u>	<u>2,589</u>

5. STATEMENT OF RECOGNISED GAINS AND LOSSES

	For the year ended 30th April,		
	2000	2001	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit for the year	25,525	36,003	51,200
Exchange differences arising on translation of overseas operations not recognised in income statement	669	(60)	108
	<u>26,194</u>	<u>35,943</u>	<u>51,308</u>

6. COMBINED CASH FLOW STATEMENTS

	Notes	Year ended 30th April,		
		2000 HK\$'000	2001 HK\$'000	2002 HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	(a)	<u>46,583</u>	<u>64,474</u>	<u>7,911</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		82	180	82
Interest paid on bank and other borrowings		(1,819)	(2,832)	(1,581)
Interest paid on finance lease		(561)	(71)	–
Dividends paid		<u>(18,600)</u>	<u>(25,000)</u>	<u>–</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(20,898)</u>	<u>(27,723)</u>	<u>(1,499)</u>
TAXATION				
Hong Kong Profits Tax refunded (paid)		519	–	(249)
PRC income tax paid		<u>–</u>	<u>(230)</u>	<u>(326)</u>
NET TAXATION REFUNDED (PAID)		<u>519</u>	<u>(230)</u>	<u>(575)</u>
INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(6,473)	(6,944)	(15,389)
Advances (Repayment) to a director		(27,021)	(4,012)	4,012
Payment in respect of acquisition of subsidiary		(364)	–	–
Acquisition of a subsidiary (net of cash and cash equivalent acquired)	(b)	104	–	–
Increase in pledged bank deposits		<u>–</u>	<u>(1,070)</u>	<u>–</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(33,754)</u>	<u>(12,026)</u>	<u>(11,377)</u>
NET CASH INFLOW (OUTFLOW) BEFORE FINANCING ACTIVITIES		<u>(7,550)</u>	<u>24,495</u>	<u>(5,540)</u>

	<i>Notes</i>	Year ended 30th April,		
		2000 <i>HK\$'000</i>	2001 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
FINANCING ACTIVITIES	(c)			
Repayment of bank and other borrowings		–	(6,091)	(5,220)
Repayment of obligations under finance lease		(2,760)	(781)	–
Advance from a director		–	–	2,699
Repayment to a director		–	(15,679)	–
Proceeds from issue of shares		990	10	–
Bank and other borrowings raised		4,499	1,751	9,162
		<u> </u>	<u> </u>	<u> </u>
NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES		2,729	(20,790)	6,641
		<u> </u>	<u> </u>	<u> </u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(4,821)	3,705	1,101
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		7,465	2,644	6,348
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		–	(1)	(19)
		<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		2,644	6,348	7,430
		<u> </u>	<u> </u>	<u> </u>
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS				
Bank balances and cash		3,233	7,093	8,227
Bank overdraft		(589)	(745)	(797)
		<u> </u>	<u> </u>	<u> </u>
		2,644	6,348	7,430
		<u> </u>	<u> </u>	<u> </u>

Notes:

(a) Reconciliation of profit before taxation to net cash inflow from operating activities

	Year ended 30th April,		
	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000
Profit before taxation	28,223	42,718	57,858
Share of results of an associates	1,518	–	–
Interest expenses	2,380	2,903	1,581
Interest income	(82)	(180)	(82)
Depreciation and amortisation	7,177	9,806	11,353
Loss on disposal of property, plant and equipment	–	–	–
Impairment loss recognised on property, plant and equipment	–	–	1,558
Allowance for bad and doubtful debts	293	1,130	–
(Increase) decrease in inventories	5,392	(13,223)	266
Decrease in bills receivable	1,634	1,753	391
(Increase) decrease in trade and other receivables	(16,104)	3,982	(27,577)
Increase in amount due from a related company	–	(103)	(166)
(Increase) decrease in bills payables	4,787	(6,973)	(6,608)
(Increase) decrease in trade and other payables	(5,644)	22,847	(30,686)
Decrease in amount due from related company	8,240	–	–
Increase in amount due to an associate	7,716	–	–
Exchange differences	1,053	(186)	23
	<u>46,583</u>	<u>64,474</u>	<u>7,911</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES			

(b) Acquisition of subsidiary

During the year ended 30th April, 2000, the Group completed the acquisition of the entire interest in DGKL. The acquisition has been accounted for by the acquisition method of accounting.

	Year ended 30th April,		
	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000
Net assets acquired:			
Property, plant and equipment	5,467	–	–
Amount due from related company	8,240	–	–
Amount due from an associate	139,897	–	–
Bank balances and cash	104	–	–
Trade and other payable	(4,222)	–	–
Amount due to director	(127,380)	–	–
Taxation payable	(178)	–	–
Bank and other borrowings	(3,925)	–	–
	<u>18,003</u>	<u>–</u>	<u>–</u>
Satisfied:			
Interest in an associate	<u>18,003</u>	<u>–</u>	<u>–</u>

Analysis of the net cash inflow of cash and cash equivalent in connection with the acquisition of subsidiary:

	Year ended 30th April,		
	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000
Bank balances and cash acquired	<u>104</u>	<u>–</u>	<u>–</u>

The subsidiary acquired during the year ended 30th April, 2000 had no significant impact on the cashflow, turnover and results of the Group for that year then ended.

(c) Analysis of changes in financing during the year

	Share capital and special reserve <i>HK\$'000</i>	Obligations under finance lease <i>HK\$'000</i>	Bank and other borrowings <i>HK\$'000</i>	Amount due to a director <i>HK\$'000</i>
At 1st May, 1999	10	3,541	2,808	(84,680)
Proceeds from issue of shares	990	–	–	–
Currency realignment	–	–	15	–
Bank and other borrowings raised	–	–	4,499	–
Repayment of obligations under finance leases	–	(2,760)	–	–
Acquisition of a subsidiary	–	–	3,925	127,380
Repayment to a director	–	–	–	(27,021)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th April, 2000	1,000	781	11,247	15,679
Proceeds from issue of shares	10	–	–	–
Currency realignment	–	–	8	–
Bank and other borrowings raised	–	–	1,751	–
Repayment of bank borrowings	–	–	(6,091)	–
Repayment of obligations under finance leases	–	(781)	–	–
Repayment to a director	–	–	–	(15,679)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th April, 2001	1,010	–	6,915	–
Currency realignment	–	–	45	–
Repayment of bank and other borrowings	–	–	(5,220)	–
Bank and other borrowings raised	–	–	9,162	–
Advance from a director	–	–	–	2,699
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th April, 2002	<u>1,010</u>	<u>–</u>	<u>10,902</u>	<u>2,699</u>

7. SEGMENTAL INFORMATION

Turnover and contribution to operation results and assets and liabilities by business segment has not been prepared as all the Group's turnover, assets and liabilities was derived from the manufacturing and trading of electrical appliances. An analysis of the Group's turnover and net profits for the year and segmental assets and liabilities by geographical markets are as follows:

By geographical market

	Europe HK\$'000	North America HK\$'000	South America HK\$'000	Asia (other than the PRC) HK\$'000	PRC HK\$'000	Australia New Zealand HK\$'000	Others HK\$'000	Eliminat- ion HK\$'000	Total HK\$'000
<i>For the year ended 30th April, 2002</i>									
TURNOVER									
External sales	98,995	14,497	1,375	36,173	47,185	6,671	2,657	–	207,553
Inter-segment sales	–	–	–	–	131,007	–	–	(131,007)	–
Total	<u>98,995</u>	<u>14,497</u>	<u>1,375</u>	<u>36,173</u>	<u>178,192</u>	<u>6,671</u>	<u>2,657</u>	<u>(131,007)</u>	<u>207,553</u>
RESULT									
Segment result	<u>42,290</u>	<u>6,408</u>	<u>602</u>	<u>15,446</u>	<u>20,338</u>	<u>2,911</u>	<u>1,166</u>	<u>–</u>	89,161
Unallocated corporate expenses									(28,164)
Profit from operations									60,997
Finance costs									(1,581)
Impairment loss recognised on property, plant and equipment									(1,558)
Profit before taxation									<u>57,858</u>
<i>Other information for the year ended 30th April, 2002</i>									
Capital additions	–	–	–	–	15,389	–	–	–	15,389
Depreciation and amortisation	–	–	–	–	11,353	–	–	–	11,353
Other non-cash expenses	–	–	–	–	16	–	–	–	16
<i>Assets and liabilities at 30th April, 2002</i>									
ASSETS									
Segment assets	9,360	5	–	2,441	37,921	1,279	–	–	51,006
Unallocated corporate assets							131,720	–	131,720
Combined total assets									<u>182,726</u>
LIABILITIES									
Segment liabilities	–	–	–	14,012	43,842	–	–	–	57,854
Unallocated corporate liabilities							27,784	–	27,784
Combined total liabilities									<u>85,638</u>

APPENDIX I
ACCOUNTANTS' REPORT

	Europe HK\$'000	North America HK\$'000	South America HK\$'000	Asia (other than the PRC) HK\$'000	PRC HK\$'000	Australia New Zealand HK\$'000	Others HK\$'000	Eliminat- ion HK\$'000	Total HK\$'000
<i>For the year ended 30th April, 2001</i>									
TURNOVER									
External sales	110,113	16,236	11,047	34,097	10,703	3,079	2,273	-	187,548
Inter-segment sales	-	-	-	116,003	-	-	-	(116,003)	-
Total	<u>110,113</u>	<u>16,236</u>	<u>11,047</u>	<u>150,100</u>	<u>10,703</u>	<u>3,079</u>	<u>2,273</u>	<u>(116,003)</u>	<u>187,548</u>
RESULT									
Segment result	<u>42,944</u>	<u>6,982</u>	<u>4,640</u>	<u>15,003</u>	<u>4,045</u>	<u>1,416</u>	<u>1,078</u>	<u>-</u>	76,108
Unallocated corporate expenses									(30,487)
Profit from operations									45,621
Finance costs									(2,903)
Profit before taxation									<u>42,718</u>
<i>Other information for the year ended 30th April, 2001</i>									
Capital additions	-	-	-	-	6,944	-	-	-	6,944
Depreciation and amortisation	-	-	-	-	9,806	-	-	-	9,806
Other non-cash expenses	-	-	-	-	1,130	-	-	-	<u>1,130</u>
<i>Assets and liabilities at 30th April, 2001</i>									
ASSETS									
Segment assets	3,785	2,062	-	3,555	14,418	-	-	-	23,820
Unallocated corporate assets							132,071		<u>132,071</u>
Combined total assets									<u>155,891</u>
LIABILITIES									
Segment liabilities	6,299	1,144	-	19,273	66,104	-	-	-	92,820
Unallocated corporate liabilities							17,291		<u>17,291</u>
Combined total liabilities									<u>110,111</u>

APPENDIX I
ACCOUNTANTS' REPORT

	Europe HK\$'000	North America HK\$'000	South America HK\$'000	Asia (other than the PRC) HK\$'000	PRC HK\$'000	Australia New Zealand HK\$'000	Others HK\$'000	Eliminat- ion HK\$'000	Total HK\$'000
<i>For the year ended 30th April, 2000</i>									
TURNOVER									
External sales	114,710	21,541	10,687	15,917	10,505	10,062	1,449	-	184,871
Inter-segment sales	-	-	-	131,410	-	-	-	(131,410)	-
Total	<u>114,710</u>	<u>21,541</u>	<u>10,687</u>	<u>147,327</u>	<u>10,505</u>	<u>10,062</u>	<u>1,449</u>	<u>(131,410)</u>	<u>184,871</u>
RESULT									
Segment result	<u>39,001</u>	<u>8,606</u>	<u>3,313</u>	<u>5,316</u>	<u>3,362</u>	<u>3,339</u>	<u>284</u>	<u>-</u>	63,221
Unallocated corporate expenses									(31,100)
Profit from operations									32,121
Finance costs									(2,380)
Share of results of an associate									(1,518)
Profit before taxation									<u>28,223</u>
<i>Other information for the year ended 30th April, 2000</i>									
Capital additions	-	-	-	-	6,473	-	-	-	6,473
Depreciation and amortisation	-	-	-	-	7,177	-	-	-	7,177
Other non-cash expenses	-	-	-	-	-	-	-	-	-
<i>Assets and liabilities at 30th April, 2000</i>									
ASSETS									
Segment assets	17,941	1,904	148	4,070	5,376	1,391	-	-	30,830
Unallocated corporate assets							112,385		<u>112,385</u>
Combined total assets									<u>143,215</u>
LIABILITIES									
Segment liabilities	-	-	-	25,776	44,252	-	-	-	70,028
Unallocated corporate liabilities							38,360		<u>38,360</u>
Combined total liabilities									<u>108,388</u>

8. DISTRIBUTABLE RESERVES

The Company was incorporated on 18th March, 2002, and accordingly, the Company had no reserves available for distribution to the shareholders as at 30th April, 2002.

9. NET TANGIBLE ASSETS OF THE COMPANY

The Company became the holding company of the Group on 26th November, 2002 pursuant to the Group Reorganisation. Had the Group Reorganisation been completed on 30th April, 2002, the net tangible assets of the Company at 30th April, 2002 would have been approximately HK\$97,088,000 representing mainly investment in subsidiaries.

10. DIRECTORS' REMUNERATION

Save as disclosed in this report, no remuneration has been paid or is payable in respect of the Relevant Periods by the Company or any of its subsidiaries to the Company's directors.

Under the arrangement presently in force, the aggregate amount of the directors' remuneration for the year ending 30th April, 2003 are estimated to be approximately HK\$4,110,600.

11. SUBSEQUENT EVENT

In preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited, the companies now comprising the Group underwent a reorganisation to rationalise the group structure. As a result of the reorganisation, the Company became the holding company of the Group on 26th November, 2002. The details of this reorganisation and other changes are set out in the paragraph headed "Corporate reorganisation" in Appendix IV to the Prospectus.

On 18th October, 2002, the final dividend of HK\$10,000,000 has been proposed by the directors in respect of Housely for the year ended 30th April, 2002.

12. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 30th April, 2002.

13. ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company to be Imperial Profit Enterprises Limited, which is incorporated in the British Virgin Islands.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong